

CHAPTER 9 — EMPLOYEE AND EMPLOYER CONTRIBUTIONS

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900 Employee Premium Information

A. Monthly Premium Deduction

Monthly premiums are withheld from the earnings of each insured active employee. The information in this manual assumes that payroll deductions occur two months in advance of the coverage. Employers on a different deduction schedule must make the necessary adjustments.

The employee and employer may agree to a deduction schedule in which premiums are paid in advance for several months at a time (for example, if the employee is off work over the summer, or is a substitute teacher with uncertain work hours).

See Chapter 5 for effective dates of coverage in various employment situations. If there is insufficient time to make a payroll deduction in accordance with instructions in this manual, a double deduction should be taken on the subsequent payroll.

B. Premiums Cease at Age 70

Premiums cease for Basic, Supplemental, Additional or Spouse and Dependent coverage when an active employee reaches age 70, except for those age 70 and over with Additional coverage. No deductions should be taken, for the coverage month in which the employee will turn age 70. If the employee applies for Age 70 and Over Additional coverage, premiums are due beginning with the month in which the employee turns 70. The premium should be calculated based on the employee's age on the previous March 1 (State) or July 1 (Local Government). The employee's Basic coverage will continue at the final reduced amount with no further premiums due.

C. Refunding Excess Premiums

If an excess deduction of employee contributions has been taken for any reason, adjustment should be made by reducing subsequent contributions. If the employee has already received the final paycheck after termination of employment, a refund check should be issued to the employee by the employer who made the excess deduction. Special limitations apply to refunds for Spouse and Dependent Coverage (see Subchapter 602).

901 Employee Premium Rate Charts

CHART A

2001 and 2002 MONTHLY RATE PER \$1,000 OF INSURANCE				
	State			Local
Attained Age	Basic	Supplemental	Additional	Basic, Supplemental & Additional
Under 30	\$.05	\$.05	\$.06	\$.05
30 – 34	.05	.05	.07	.06
35 – 39	.05	.05	.07	.07
40 – 44	.09	.09	.12	.10
45 – 49	.13	.13	.18	.16
50 – 54	.20	.20	.27	.30
55 – 59	.36	.36	.48	.48
60 – 64	.44	.44	.59	.53
65 – 69 ¹	.59	.59	.80	.60

CHART B

2001 and 2002 AGE 70 AND OVER ADDITIONAL COVERAGE (STATE & LOCAL)			
MONTHLY RATE PER \$1,000 OF INSURANCE			
Age	Rate	Age	Rate
70	\$ 1.25	80	\$ 4.15
71	1.50	81	4.60
72	1.75	82	5.10
73	2.00	83	5.60
74	2.25	84	6.15
75	2.50	85	6.75
76	2.75	86	7.40
77	3.05	87	8.10
78	3.40	88	8.80
79	3.75	89	9.60
Premium rates will be extended to later ages as needed.			

A rate chart showing total employee premiums for all combinations of ages, salaries, and coverages is available upon request (ET-1705 for state employees, or ET-1706 for local government employees). Up-to-date premium rates can be found on the ETF web site at etf.wi.gov. Rate changes will also be printed in the *Trust Fund News* which is published

¹ Premium payment for age 65-69 is required as long as employment continues.

three times a year and distributed to all WRS participants. Employers will also receive rate information in future *ETF Employer Bulletins*.

902 Spouse and Dependent Coverage Premium Rates

The premiums for each unit of Spouse and Dependent coverage is \$2 per month for local employees and \$2.50 per month for state employees, regardless of the number of family members. Employees may choose one unit or two units of coverage. (See Subchapters 303 and 405 for more information about Spouse and Dependent coverage.) There is no employer contribution required for Spouse and Dependent coverage.

903 Required Contributions from State Agencies

In addition to the premium amount deducted from the employee's earnings, the state pays contributions toward the cost of the Basic and Supplemental Plans for active employees until they reach age 70. There is no employer contribution for the Spouse and Dependent, Additional, and Age 70 and Over Additional coverage, or for retired employees who are under age 65 and have continued coverage. The state's cost for Basic insurance is equal to 63 percent of the employee premium -- for every \$1.00 of employee premium, the state contributes an additional \$.63. The state pays an additional 35 percent for Supplemental insurance.

904 Required Contributions from Local Government Employers

Per Wis. Stats. § 40.05 (6) (e), each employer must contribute toward the total cost of the premium for Basic coverage for active employees until they reach age 70. No employer contributions are required for the Supplemental, Additional, Age 70 and Over Additional or Spouse and Dependent Plans. Please note that any employee premiums may be paid partly or entirely by the employer. (See Subchapter 908.)

Local government employers are currently required to pay an amount equal to 20 percent of the employee Basic contribution if 25 percent post-retirement benefits are provided, or 50 percent of the employee Basic contribution if 50 percent post-retirement benefits are provided. (See Subchapter 906.)

905 Annual Premium and Coverage Changes

Unless the Group Insurance Board authorizes otherwise, premium amounts are recalculated each year effective for the March coverage month for state employees and the July coverage month for local employees. Since premiums are normally deducted from the employee's salary two months in advance, a state employee will see the new premium amount on his or her late January or early February pay check. A local employee will see the change in May or June.

Coverage amounts for both state and local government employees increase on January 1, based on the prior year's WRS earnings, even though the premium does not increase until the March or July coverage month. In addition, premiums may increase or decrease under the following circumstances.

A. Increases or Decreases as Authorized by the Group Insurance Board.

The Group Insurance Board may authorize increases or decreases in premium levels.

EXAMPLE: In 1998, the premium for Basic coverage for a state employee age 50 to 54 was \$0.22 per \$1,000 of coverage. In 1999, the premium dropped to

\$0.20 per \$1,000. A state employee, age 53, with \$30,000 in Basic coverage paid \$6.60 in December 1998 for February 1999 coverage, and \$6.00 in January 1999 for March 1999 coverage.

B. Decreases in Coverage Related to Employee's Actual Earnings or Election to Reduce Coverage.

1. Coverage decreases if an employee's actual earnings for the full calendar year are less than the estimated earnings used when coverage began. (See Subchapter 801.)

EXAMPLE: Beginning in November 2000, a new state employee had \$20,000 in Basic coverage based on estimated earnings of \$19,200. In 2001 his actual WRS earnings were \$18,500. Basic coverage amount is \$19,000 beginning on January 1, 2002. Premiums on the new amount are deducted in January for the March coverage month.

2. Additionally, an employee may elect a decrease in coverage if their actual earnings for the most recent full calendar year are less than their current coverage. (See Subchapter 804 for information on Election to Reduce Coverage.)

C. Change in Employee's Age Category.

Whenever an employee changes to a higher age category, the premium may change. The premium rate change due to age is made on March 1 for state employees or July 1 for local employees. The age of an employee on March 1 or July 1 always determines the age category at which premium is charged, even if the employee is newly insured. This practice maintains a consistent premium rate for all employees, regardless of their birth date or when they joined the plan.

EXAMPLE: An insured local government employee turns age 40 on August 30, 2001. Beginning with the July 2002 coverage month, premiums will be based on the rate for ages 40 through 44. A premium change will usually occur in May 2002 for July 2002 coverage.

EXAMPLE: A new state employee is first eligible for insurance on May 1, 2001. Although the employee turned age 45 on March 13, 2001, premium rates will be based on age 44 as of March 1, 2001. The employee will pay premium at the age 40-44 category rate until March 1, 2002.

906 50% Post-Retirement Benefit Employer Contribution - Local Government Employers

As discussed in Subchapter 904, local government employers are required to contribute at least 20 percent of the employee Basic contribution if 25 percent post-retirement benefits are provided. A local government employer may elect by resolution to pay an amount equal to 50 percent of the employee contribution for Basic coverage to provide for a higher amount of post-retirement coverage (Wis. Stats. §§ 40.72 (2) and 40.72 (3)). This resolution by a local government employer must be made for all insured active employees of the employer who have not attained age 70 on or before the effective date of the resolution. The change in the post-retirement coverage becomes effective the first day of the fourth month following receipt of the resolution submitted to ETF. Employees who have already retired would not be affected by this change. (See the sample resolution in Subchapter 907.)

**907 Resolution to Provide 50% Post-Age 65 Coverage for Eligible Employees
(ET-1303)**

Department of Employee Trust Funds
P.O. Box 7931
Madison, WI 53707-7931

RESOLUTION FOR INCLUSION UNDER GROUP LIFE INSURANCE

RESOLVED, by the _____ of the _____ of _____
(Governing Body) (Employer Legal Name)
that pursuant to the provisions of Chapter 40 of the Wisconsin Statutes such _____ hereby determines
(Governing Body)
to be included under the following group life insurance program(s) provided by Chapter 40 of the Wisconsin Statutes for its eligible personnel:

Check box(es) for coverage desired:

- ☐ Basic Group Life Insurance
☐ Supplemental Group Life Insurance

Additional Group Life Insurance

- ☐ Unit 1
☐ Units 1 and 2
☐ Units 1, 2 and 3
- ☐ Spouse and Dependent Group Life Insurance
☐ Amount of insurance for any insured employee who attains age 65 on or after
the effective date of this resolution shall be 50% rather than 25%

BE IT FURTHER RESOLVED, that the proper officers are herewith authorized and directed to take all actions and make such deductions and submit such payments as are required by the Group Insurance Board of the State of Wisconsin to provide such group life insurance.

BE IT FURTHER RESOLVED, that the _____ WRS Agent submit a certified copy of this resolution
(Employer Name)
to the State of Wisconsin Department of Employee Trust Funds.

CERTIFICATION

I hereby certify that the foregoing resolution is a true, correct and complete copy of the resolution duly and regularly passed by the
_____ of the _____ of _____ on the ____ day of _____.
(Governing Body) (Employer Name)
_____, and that said resolution has not been repealed or amended, and is now in full force and effect. Dated this ____ day of _____.
_____.

I understand that Wis. Stat. 943.395 provides criminal penalties for knowingly making false and fraudulent statements on this form and hereby certify that, to the best of my knowledge and belief, the information is true and correct.

Employer Identification Number (EIN) 69-036-_____

WRS Agent Signature

Title

Mailing Address

Telephone Number () _____

Number of eligible employees: _____

The resolution shall be effective on the 1st of the 4th month after receipt in the office of the Department of Employee Trust Funds

For ETF Use Only EFFECTIVE DATE OF COVERAGE ENTERED BY ETF:
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908 Local Government Employers Resolution to Pay Total Premium for all Employees

Local government employers may resolve to pay the entire premium for all employees under Wis. Stats. § 40.05 (6) (e). A *Resolution to Pay Entire Premium* (ET-1301) which includes affirmation that the election has been made by the governing body of the employer to pay 100% of premiums for one or more of the coverage plans must be submitted to ETF. (See the sample Resolution (ET-1301) in Subchapter 909.)

Following such a resolution, all eligible employees who had previously declined or canceled life insurance coverage may apply for coverage. A *Life Insurance Application/Cancellation/Refusal* (ET-2304) must be completed for each eligible employee who is actively employed on the date that the resolution goes into effect. Coverage will begin on the first day of the month that the resolution becomes effective or on the first day of the next month following receipt of notice by ETF, whichever is later. (This provision is an exception to Wis. Stats. § 40.70 (6), which requires employees who do not apply for coverage within six months of becoming eligible or employees who cancel one or more types of coverage to furnish evidence of insurability upon application or re-application.)

If an employer provides Basic, Supplemental and Additional Group Life Insurance coverage and files a resolution to pay 100% of the premium for Basic only, employees who previously declined Basic, are eligible to apply for Basic coverage. Evidence of Insurability is required for Supplemental and Additional coverage.

The resolution will not apply to any participating employee who has attained age 70 prior to the date the employer's election is made effective.

If the employer files a resolution to pay the total premium for coverage other than Basic coverage, only employees who currently have Basic coverage will be eligible to apply for more coverage because Basic coverage is a prerequisite for all others.

To obtain a copy of the *Employer Resolution to Pay Entire Premium* (ET-1301), request from ETF a copy of *How to Become a Participating Employer Under the Wisconsin Public Employers' Group Life Insurance Program* (ET-1107). The Resolution is on the last page of the booklet. A copy of the booklet is available on the ETF Website at etf.wi.gov.

Local government employers that choose to pay part or all of the employee premiums for some of their employees but do not intend to pay the entire premium for all of their employees do not need to file a resolution. In this situation, applications filed by employees declining coverage remain in effect. The usual procedure of submitting evidence of insurability must be followed for those employees wishing to become insured.

909 Resolution to Pay Entire Premium (ET-1301)

Department of Employee Trust Funds
P.O. Box 7931
Madison, WI 53707-7931

EMPLOYER RESOLUTION TO PAY ENTIRE PREMIUM FOR:

Check box(es):

- ☐ Basic Group Life Insurance
- ☐ Supplemental Group Life Insurance
- ☐ Additional Group Life Insurance
- ☐ Spouse and Dependent Group Life Insurance

I hereby certify that pursuant to Wis. Stats. 40.05 (6)(e), a resolution to pay the entire group life insurance premium for the plan(s) indicated above was duly made by the

(Governing Body)

of the _____
(Employer Name)

Employer Identification Number (EIN): 69-036- on

(Date Action Taken)

I understand that Wis. Stats. 943.395 provides criminal penalties for knowingly making false or fraudulent statements on this form and hereby certify that, to the best of my knowledge and belief, the information is true and correct.

Date (MM/DD/CCYY)	WRS Agent Signature	Title

(For ETF use only)

Effective Date of Coverage entered by ETF: